TOREX GOLD RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

This management's discussion and analysis of the financial condition and results of operations ("MD&A") for Torex Gold Resources Inc. ("Torex" or the "Company") was prepared as at May 5, 2020 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the three months ended March 31, 2020. It should be read in conjunction with the Company's annual audited consolidated financial statements and annual management's discussion and analysis for the year ended December 31, 2019. This MD&A contains forward-looking statements that are subject to risks and uncertainties, as discussed under "Cautionary Notes". All dollar figures included therein and in the following MD&A are stated in United States dollars ("U.S. dollar") unless otherwise stated.

HIGHLIGHTS

Operational results

- **COVID-19** – Consistent with the decree issued by the Government of Mexico, our operations in Mexico were placed in care and maintenance mode at the beginning of April. Guidance was also suspended at that time. Uncertainty remains around the timing of a re-start of full operations but with the possibility for the decree to be lifted on May 18th for communities with low infection rate, we are preparing for that possibility. Site activities will ramp-up in step with the ability to maintain contagion prevention protocols. The initial step is processing of ore from stockpiles. Mining will restart later. How much later, depends upon a number of factors, including working together with local communities to understand and mitigate net risk.
- **Safety** – As of the end of March, we reached over 5.5 million hours worked without a lost time injury. Since then, the lost time injury free record has been extended to over 6 million hours and more than one year worked.
- **Gold production** totalled 108,537 oz.
- **Mine production** totalled 13,563 kt, averaged 149,044 tpd.
- **Mine ore production** in the quarter totalled 1,837 kt, averaged 20,187 tpd.
- **Grade mined** averaged 2.52 gpt.
- **Plant throughput** averaged 12,464 tpd.
- **Grade processed** averaged 3.35 gpt.
- **Gold recovery** averaged 89%.

Financial results

- **Gold sold** was 108,064 oz for proceeds of $169.8 million at an **average realized gold price**[1] of $1,571 per oz.
- **Revenue** was $172.0 million. **Cost of sales** was $144.1 million, or $1,333 per oz of gold sold for the quarter.
- **Earnings from mine operations** were $27.9 million.
- **Loss before income tax** was $20.6 million.
- **Net loss** was $47.0 million, or $0.55 per share on a basic and $0.57 on a diluted basis.
- **Adjusted net earnings**[1] totalled $19.9 million, or $0.23 per share on a basic and diluted basis.
- **Cash flow from operations** totalled $29.5 million for the quarter ($21.8 million prior to changes in non-cash working capital), including income taxes paid of $47.2 million.
- **Cash balances** as at March 31, 2020 totalled $135.7 million, all unrestricted.

[1] Refer to "Non-IFRS Financial Performance Measures" for further information and a detailed reconciliation.

- **Total cash costs**[1] per ounce of gold sold of $794.
- **All-in sustaining costs**[1] per ounce of gold sold of $975.
- **EBITDA**[1] totalled $39.4 million.
- **Adjusted EBITDA**[1] totalled $67.4 million.
- **Free cash flow**[1] totalled $2.1 million.
- **Net debt**[1] as at March 31, 2020 totalled $26.3 million.
- **Principal debt payments** of $21.8 million were made to reduce the Company's debt to $155.2 million. On April 23, 2020, the Company drew an additional $50.0 million on the Revolving Facility (defined herein).
- **Loss on derivative contracts** of $37.8 million, primarily due to depreciation of the Mexican peso in March 2020.

Muckahi[2]

- In the first quarter of 2020, another long hole stope was blasted. Fragmentation was better than needed for the Muckahi system.
- The stope was also successfully mucked out with a low cost slusher system.
- The development of the 30-degree decline ramp to access the ELD deposit continues. The 30-degree fixed conveyor will be installed upon its completion.
- The tramming conveyor is being commissioned off-site at the manufacturer's facility.

Updated Media Luna resource estimate[3]

- An updated Mineral Resource estimate for the Media Luna project was released, which includes an Indicated Mineral Resource of 2.24 million gold equivalent ounces at a gold equivalent grade of 5.55 gpt and an Inferred Mineral Resource of 4.56 million gold equivalent ounces at a gold equivalent grade of 4.23 gpt.

Updated Mineral Reserves for the El Limón Guajes Complex[4]

- Total gold reserves decline 9% (approximately 0.2 million ounces). Open pit gold reserves decline 19% year-over-year, primarily due to depletion.
- Exploration success resulted in underground gold reserves increasing 140%, net of depletion. The gold price used to estimate the 2019 year-end gold reserves is unchanged at $1,200 per ounce.

[1] Refer to "Non-IFRS Financial Performance Measures" for further information and a detailed reconciliation.

[2] The Media Luna PEA (as defined in this MD&A) is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. The Media Luna PEA includes information on the Muckahi Mining System ("Muckahi"). The PEA economics for the Media Luna Project in the Technical Report (as defined in this MD&A) are based on conventional mining methods. In addition, Muckahi, a Torex proprietary mining method, is introduced and described in the Technical Report. The Technical Report uses the Media Luna Project as a platform for comparison to demonstrate the potential benefits that could be possible if the Muckahi method is proven and ultimately applied to the Media Luna Project, or any other deposit that does not employ caving methods. It is important to note that Muckahi is experimental in nature and has not been tested in an operating mine. Many aspects of the systems are conceptual, and proof of concept has not been demonstrated.

[3] For more information on the updated Media Luna resource estimate, see the news release titled "Torex Gold Announces Updated Media Luna Resource Estimate" issued on January 13, 2020, filed on SEDAR at www.sedar.com and on the Company's website at www.torexgold.com.

[4] For more information on the updated Mineral Reserves for the El Limón Guajes Complex, see the news release titled "Torex Gold Reports 2019 Year-End Mineral Reserves & Resources for El Limón Guajes Complex" issued on April 28, 2020, filed on SEDAR at www.sedar.com and on the Company's website at www.torexgold.com.

Table 1. The following table summarizes key operating and financial highlights:

In millions of U.S. dollars, unless otherwise noted		Three Months Ended Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Operating Data						
Mining						
Ore tonnes mined	kt	1,837	1,573	1,416	1,810	1,153
Waste tonnes mined	kt	11,726	10,795	11,923	11,450	12,281
Total tonnes mined	kt	13,563	12,368	13,339	13,260	13,434
Strip ratio [2]	waste:ore	6.8	7.3	9.1	6.8	11.5
Average gold grade of ore mined [4]	gpt	2.52	3.06	3.19	2.91	2.45
Ore in stockpile [5]	mt	3.1	2.4	1.9	1.7	0.9
Processing						
Total tonnes processed	kt	1,134	1,116	1,139	1,062	1,076
Average plant throughput	tpd	12,464	12,130	12,380	11,670	11,956
Average gold recovery	%	89	89	89	88	88
Average gold grade of ore processed	gpt	3.35	3.87	4.11	3.92	2.62
Production and sales						
Gold produced	oz	108,537	125,151	138,145	113,645	77,870
Gold sold	oz	108,064	126,910	132,535	113,419	76,473
Financial Data						
Revenue	$	172.0	190.0	198.2	150.7	101.9
Cost of sales	$	144.1	149.0	130.1	115.7	85.1
Earnings from mine operations	$	27.9	41.0	68.1	35.0	16.8
Net (loss) income	$	(47.0)	35.1	27.4	10.0	(1.3)
Per share - Basic	$/share	(0.55)	0.41	0.32	0.12	(0.02)
Per share - Diluted	$/share	(0.57)	0.41	0.32	0.12	(0.02)
Adjusted net earnings (loss) [1]	$	19.9	34.0	30.8	8.8	(5.7)
Per share - Basic [1]	$/share	0.23	0.40	0.36	0.10	(0.07)
Per share - Diluted [1]	$/share	0.23	0.40	0.36	0.10	(0.07)
EBITDA [1]	$	39.4	102.2	116.6	74.3	37.2
Adjusted EBITDA [1]	$	67.4	105.1	115.1	76.5	36.2
Cost of sales	$/oz	1,333	1,174	982	1,020	1,113
Total cash costs [1]	$/oz	794	617	561	606	745
All-in sustaining costs [1]	$/oz	975	767	675	760	1,161
Average realized gold price [1]	$/oz	1,571	1,481	1,478	1,314	1,302
Cash from operating activities	$	29.5	97.9	122.5	48.6	32.3
Cash from operating activities before changes in non-cash working capital [6]	$	21.8	101.4	116.9	72.6	36.4
Free cash flow [1]	$	2.1	71.6	96.4	20.6	(7.4)
Net debt [1]	$	26.3	21.7	97.2	221.2	234.4
Cash and cash equivalents	$	135.7	161.8	168.0	83.5	91.6
Restricted cash	$	-	-	-	32.3	26.9
Working capital (deficiency) [3]	$	105.1	96.5	116.7	(27.4)	18.1
Total debt	$	155.2	174.9	255.7	298.2	318.3
Total assets	$	1,154.7	1,229.6	1,263.1	1,230.2	1,251.7
Total liabilities	$	373.7	394.8	464.6	461.0	493.8

1. Adjusted net earnings (loss), total cash costs, all-in sustaining costs, average realized gold price, EBITDA, adjusted EBITDA, free cash flow and net debt are financial performance measures with no standard meaning under International Financial Reporting Standards ("IFRS"). Refer to "Non-IFRS Financial Performance Measures" for further information and a detailed reconciliation.
2. Ore mined from the ELG Underground (defined herein) of 101 kt is included in ore tonnes mined and excluded from the strip ratio in the three months ended March 31, 2020. For the three months ended December 31, 2019, September 30, 2019, June 30, 2019, and March 31, 2019, ore mined from the ELG Underground was 98 kt, 102 kt, 117 kt and 83 kt, respectively.
3. Current liabilities at June 30, 2019 included a scheduled repayment of $75.0 million in June 2020 under the 2017 Revolving Facility (defined herein). As a result of the subsequent refinancing, the $75.0 million due under the 2017 Revolving Facility was deferred.
4. Included within average gold grade of ore mined is the mined long term, low grade inventory. Excluding the long term, low grade inventory, the average gold grade of ore mined is 2.62 gpt for the three months ended March 31, 2020. For the three months ended December 31, 2019, September 30, 2019, June 30, 2019, and March 31, 2019, the average gold grade of ore mined is 3.23 gpt, 3.37 gpt, 3.33 gpt and 2.66 gpt, respectively.
5. Included within ore in stockpile is 0.9 mt of long term, low grade inventory, with a carrying value of nil at March 31, 2020. As at December 31, 2019, September 30, 2019, June 30, 2019, and March 31, 2019, the long term, low grade inventory was 0.8 mt, 0.6 mt, 0.5 mt and 0.2 mt, respectively, with nil carrying value. As at March 31, 2020 the long term, low grade inventory has an average grade of 0.87 gpt.
6. Cash generated from operating activities before changes in non-cash working capital was amended to exclude current income tax expense in order to align with changes in presentation of the Company's Statement of Cash Flows.
7. Sum of quarters may not add to the year to date amounts due to rounding.

FIRST QUARTER REPORT

The following abbreviations are used throughout this document: $ (United States dollar), C$ (Canadian dollar), AISC (all-in sustaining costs), Au (gold), Ag (silver), Cu (copper), oz (ounce), gpt (grams per tonne), kt (thousand tonnes), mt (million tonnes), m (metres), km (kilometres), and tpd (tonnes per day).

TABLE OF CONTENTS

COMPANY OVERVIEW AND STRATEGY

The Company is an intermediate gold producer based in Canada engaged in the exploration, development, and operation of the Morelos Gold property (the "Morelos Gold Property"). The Morelos Gold Property is located in the prolific Guerrero Gold Belt in southern Mexico, approximately 180 kilometres to the southwest of Mexico City and consists of 7 mineral concessions covering a total area of approximately 29,000 hectares.

The Company's principal assets are the El Limón Guajes mining complex (the "ELG Mine Complex") and the Media Luna deposit (the "Media Luna Project"). The ELG Mine Complex is comprised of the El Limón, Guajes and El Limón Sur open pits (the "ELG Open Pits"), the El Limón Guajes underground mine including zones referred to as Sub-Sill and El Limón Deep (collectively, the "ELG Underground") and the processing plant and related infrastructure. The Media Luna Project is an early stage development project (for which the Company issued a Preliminary Economic Assessment (the "PEA") on September 4, 2018).

The Company's strategy is to grow production from high quality conventional mining assets, or those with the potential to achieve high value through the deployment of our Muckahi technology. The Morelos Gold Property provides significant opportunity to implement this strategy. The Media Luna Project provides mid-term growth potential. The developing ELG Underground provides near-term growth opportunity in both the Sub-Sill and the El Limón Deep deposits. The many untested exploration targets on this prolific property provide long-term growth opportunities.

In addition to realizing the full potential of the Morelos Gold Property, the Company is seeking opportunities to acquire assets in the Americas that enable profitable and effective geographic diversification.

ORIGINAL OBJECTIVES FOR 2020 (TO BE RESET POST COVID-19 INTERRUPTION)

Absent pandemic related issues, we had expected to maintain previously disclosed guidance. At this time, there is no clear line of sight as to when, how often, and how long this pandemic is going to affect the ability to produce. We don't anticipate re-establishing guidance until we have a clear line of sight as to the pandemic related ability to produce during 2020.

Production within constraints:

- Safety – no fatalities, lost time injury frequency of <1 per million hours worked
- Environmental protection – zero reportable spills of 1,000 litres or more, that report to the river or reservoir
- Production – 420,000 to 480,000 oz of gold produced
- Cost control:
  - Total cash costs of $640 to $670 per oz of gold sold
  - All-in sustaining costs of $900 to $960 per oz of gold sold
  - Sustaining capital expenditure of <$85 million
  - Non-sustaining capital expenditure of <$82 million

Prepare for 2021:

- Strip 42 million tonnes of waste in the open pits

Set up for growth:

- Complete the $13m infill drilling program for Media Luna
- Substantially complete a Media Luna feasibility study
- Start the tunnel from ELG to Media Luna before mid Q3 2020
- Test Muckahi
  - Successfully demonstrate the ability to load a conveyor on a 30-degree ramp and to convey up that ramp
  - Successfully demonstrate the functionality of the tramming conveyor
  - Across multiple long hole open stopes, demonstrate the ability to achieve fragmentation of 95% passing 400mm
  - Across multiple long hole open stopes, demonstrate the ability to 'remote muck' with a slusher

FINANCIAL RESULTS

The following table summarizes the financial results of the Company:

Table 2.

	Three Months Ended	
In millions of U.S. dollars, unless otherwise noted	**March 31, 2020**	**March 31, 2019**
Revenue	172.0	101.9
Gold	169.8	99.6
Silver	0.5	0.9
Copper	1.7	1.4
Cost of sales	144.1	85.1
Production costs	82.9	56.2
Depreciation and amortization	56.1	25.8
Royalties	5.1	3.1
Earnings from mine operations	27.9	16.8
Exploration and evaluation expenses	1.0	0.2
General and administrative expenses	3.3	6.1
Loss on derivative contracts	37.8	0.3
Finance costs, net	3.7	6.4
Foreign exchange loss (gain)	2.7	(1.1)
Current income tax (recovery) expense	(6.3)	2.1
Deferred income tax expense	32.7	4.1
Net loss	(47.0)	(1.3)
Per share - Basic ($/share)	(0.55)	(0.02)
Per share - Diluted ($/share)	(0.57)	(0.02)
Adjusted net earnings (loss) [1]	19.9	(5.7)
Per share - Basic ($/share) [1]	0.23	(0.07)
Per share - Diluted ($/share) [1]	0.23	(0.07)
Cost of sales ($/oz)	1,333	1,113
Total cash costs ($/oz) [1]	794	745
All-in sustaining costs ($/oz) [1]	975	1,161
Average realized gold price ($/oz) [1]	1,571	1,302
Average realized margin ($/oz) [1]	777	557

1. Adjusted net earnings (loss), total cash costs, AISC, average realized gold price and average realized margin are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non-IFRS Financial Performance Measures" for further information and a detailed reconciliation.

FIRST QUARTER 2020 FINANCIAL RESULTS

Processed gold grade was 3.35 gpt

The processed grade was greater than the mined grade due to preferential feeding of higher grades to the process plant and stockpiling of lower grades. The net result is a processed gold grade of 3.35 gpt, versus a mined grade of 2.52 gpt. Excluding long term, low grade inventory, the mined grade is 2.62 gpt.

Processed average daily tonnage of 12,464 tpd

Throughput rates averaged 12,464 tpd in the quarter.

Revenue totalled $172.0 million

During the first quarter of 2020, the Company earned $172.0 million in revenue compared to $101.9 million for the first quarter of 2019. The Company sold 108,064 ounces of gold at an average realized price of $1,571 per ounce in the first quarter of 2020, compared to 76,473 ounces of gold at an average realized price of $1,302 in the first quarter of 2019. The increase in revenue is primarily due to higher grades processed, higher total throughput, and higher average realized prices.

Cost of sales was $144.1 million or $1,333 per oz sold

Cost of sales for the first quarter of 2020 was $144.1 million compared to $85.1 million in the first quarter of 2019. The increase reflects higher total production costs due to more ounces of gold sold and relieved from inventory, greater Sub-Sill mining activity, a reduction in deferred stripping costs capitalized and an increase in depreciation and amortization.

Depreciation and amortization expense amounted to $56.1 million for the first quarter of 2020 compared to $25.8 million for the first quarter of 2019. The increase in depreciation is driven by a combination of an increase in gold ounces recovered which forms the basis for the depreciation for most of the Company's property, plant and equipment, and a greater portion of depreciation related to previously capitalized deferred stripping being amortized as the associated ore is processed. Capitalized deferred stripping is generally depreciated over 12 to 24 months.

Included in cost of sales in the first quarter of 2020 is a charge of $1.5 million to adjust long term, low grade stockpile inventory to net realizable value, $0.7 million and $0.8 million through production costs and depreciation, respectively.

Royalties were $5.1 million for the three months ended March 31, 2020 compared to $3.1 million for the three months ended March 31, 2019, representing 3% of proceeds from gold and silver sales. The increase correlates with the increase in ounces sold and a higher average realized price. Of the 3% royalty expense, 2.5% is payable to the Mexican Geological Survey agency and 0.5% is payable annually to the Ministry of Finance.

Total cash costs were $794 per oz sold

Total cash costs[1] (net of by-product sales) for the first quarter of 2020 were $794 per oz of gold sold, an increase of $49 per ounce of gold sold compared to the first quarter of 2019 at $745 per oz of gold sold.

In the first quarter of 2020, the Company mined 13.6 million tonnes (1.8 million tonnes of ore) and processed 1.1 million tonnes of ore, compared to 13.4 million tonnes mined (1.2 million tonnes of ore) and 1.1 million tonnes of ore processed in the first quarter of 2019. Total cash costs per ounce of gold sold in the first quarter of 2020 were higher largely due to a reduction in deferred stripping costs capitalized as well as a change in the accounting estimate related to stockpile inventory. Effective January 1, 2020, open pit and underground ore are accounted for separately and on a per ounce basis (compared to on a per tonne basis previously). The impact of these changes in the first quarter of 2020 are estimated to be approximately $100 per oz to total cash costs. This effect is expected to decline quarter over quarter in 2020.

[1] Refer to "Non-IFRS Financial Performance Measures" for further information and a detailed reconciliation.

All-in sustaining costs were $975 per oz sold

All-in sustaining costs[1] for the first quarter of 2020 were $975 per ounce of gold sold compared to $1,161 per ounce of gold sold for the first quarter of 2019. Sustaining capital expenditures in the first quarter of 2020 amounted to $12.1 million, compared to $25.1 million in the first quarter of 2019. Sustaining capital expenditures were $6.7 million for capitalized stripping activities, and $5.4 million for sustaining equipment and infrastructure.

General and administrative expenses of $3.3 million

General and administrative expenses totalled $3.3 million in the first quarter of 2020 compared to $6.1 million in the first quarter of 2019. The decrease is primarily due to $2.4 million related to the revaluation of share-based payment awards in the first quarter of 2020.

Finance cost, net of finance income, of $3.7 million

Finance cost, net of finance income, amounted to $3.7 million in the three months ended March 31, 2020 compared to net finance costs of $6.4 million in the three months ended March 31, 2019. Net finance cost in the first quarter of 2020 relates to interest expense on the Debt Facility and leases, net of finance income earned on the VAT receivables and cash on hand. The decrease is primarily due to lower total debt balances in the first quarter of 2020 compared to the first quarter of 2019.

Derivative loss of $37.8 million

In the three months ended March 31, 2020, the Company recognized a loss of $37.8 million relating to the currency forwards, interest rate swaps and gold zero-cost collars, compared to a loss of $0.3 million in the three months ended March 31, 2019 primarily in relation to interest rate swaps and currency derivative contracts. Of the $37.8 million derivative loss recognized in the first quarter of 2020, $27.6 million is unrealized. The Company entered into the currency forwards in first quarter of 2020 for approximately 50% of its anticipated 2020 peso-denominated expenditures totaling $234.0 million or 4.6 billion pesos. The derivative loss in the first quarter of 2020 is due to the impact of the devaluation in the Mexican peso in March 2020 and the corresponding impact on peso forward rates. The Company entered into the interest rate swaps and the zero-cost collars in 2019. In the fourth quarter of 2019, the Company extended the gold hedging arrangements to March 2021. Subsequent to March 31, 2020, the Company extended the maturity dates of certain currency contracts due to settle in the second quarter of 2020, with a total notional value of $24.0 million, to future periods ranging from 7 to 11 months.

Foreign exchange loss of $2.7 million

The Company recognized a foreign exchange loss of $2.7 million in the quarter ended March 31, 2020 compared to a gain of $1.1 million in the quarter ended March 31, 2019. Based on closing exchange rates, the Mexican peso depreciated by 24.8% in the first quarter of 2020.

Current income and mining tax recovery of $6.3 million

The Company recognized a current income tax recovery of $6.3 million in the first quarter of 2020 related to Mexican corporate income tax and the 7.5% Mexican mining royalty, compared to a current tax expense of $2.1 million in the three months ended March 31, 2019. In the first quarter of 2020, the recovery reflects, amounts accrued for the 7.5% royalty more than offset by a foreign exchange gain on the income tax payable. The 7.5% Mexican mining royalty is considered an income tax for IFRS purposes. During 2019, the remaining Mexican tax loss carryforwards were fully utilized as expected, and as a result the Company is subject to Mexican federal income tax for 2019. Instalment payments commenced in December 2019 (in respect of November) with the remaining balance paid in March 2020.

Deferred income tax expense of $32.7 million

The Company recognized a deferred income tax expense of $32.7 million for the three months ended March 31, 2020, compared to a deferred income tax expense of $4.1 million for the three months ended March 31, 2019. For the three months ended March 31, 2020 compared to the three months ended March 31, 2019, the deferred income tax expense is primarily driven by an increase in the tax effect of currency translation on tax base and a decrease in the fixed asset balance.

The Company's deferred tax expense is sensitive to the foreign exchange fluctuations of the Mexican peso relative to the U.S. dollar because the tax reporting currency of its Mexican subsidiaries is the Mexican peso while the accounting functional currency is the U.S. dollar. Therefore, the U.S. dollar value of Mexican tax attributes available for future deduction will change as the value of the Mexican peso changes relative to the U.S. dollar. Generally, a decline in the value of the Mexican peso relative to the U.S. dollar will increase deferred tax expense (or decrease deferred tax recovery), while an increase in the value of the Mexican peso relative to the U.S. dollar will reduce deferred tax expense (or increase deferred tax recovery). The closing value of property, plant and equipment, and inventory for tax purposes at March 31, 2020 was $12.9 billion Mexican pesos.

For the three months ended March 31, 2020, the Mexican peso depreciated by 24.8% to 23.5 peso relative to the U.S. dollar resulting in an estimated expense of $28.6 million of foreign exchange included in deferred tax expense, while for the first quarter of 2019, the Mexican peso appreciated by 1.5% to 19.4 relative to the U.S. dollar, which created an estimated recovery of $3.7 million related to foreign exchange included in deferred tax expense.

Total tax expense of $26.4 million

The effective tax rate for the quarter ended March 31, 2020 decreased to -128.2% from 126.5% for the quarter ended March 31, 2019. This decrease primarily reflects the currency translation of tax base stemming from the depreciation of the Mexican peso.

Net loss of $47.0 million

Net loss for the first quarter of 2020 was $47.0 million, or $0.55 and $0.57 per share on a basic and diluted basis, while adjusted net earnings[1] amounted to $19.9 million, or $0.23 per share on a basic and diluted basis. In the first quarter of 2019, the Company had net loss of $1.3 million, or $0.02 per share on a basic and diluted basis while adjusted net loss[1] amounted to $5.7 million, or $0.07 per share on a basic and diluted basis. Net loss is higher in the first quarter of 2020 compared to the first quarter of 2019, largely due to a higher loss pertaining to derivatives, partially offset by higher earnings from mine operations.

[1] Refer to the section "Non-IFRS Financial Performance Measures" for a reconciliation of net loss to adjusted net earnings (loss).

RESULTS OF OPERATIONS

Mining

A total of 13,563 kt were mined in the first quarter of 2020, including 13,462 kt from ELG Open Pits and 101 kt from the ELG Underground. Average waste to ore strip ratio in the open pits was 6.8:1. 71% of the material mined in the first quarter was from El Limón and 28% from Guajes and the remaining 1% was from the ELG Underground.

At March 31, 2020, there were 3.1 mt of ore in stockpiles at an average grade of 1.37 gpt. Excluding 0.9 mt of long term, low grade stockpiles at an average grade of 0.87 gpt, the remaining 2.2 mt of ore in stockpiles are at an average grade of 1.57 gpt.

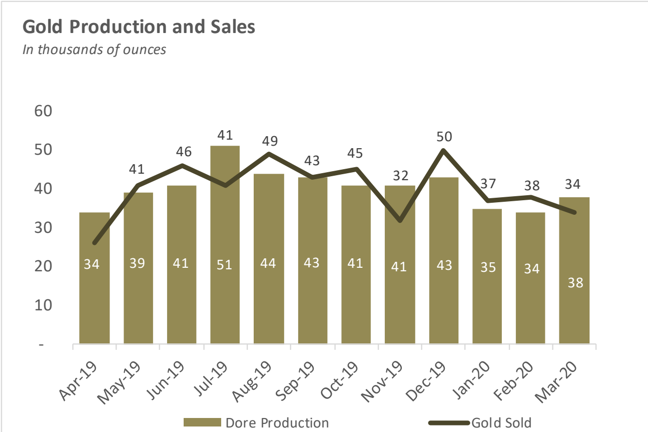
The following table summarizes the mining activities for the Company's ELG Mine Complex:

Table 3.

		Three Months Ended				
		Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Mining						
Guajes						
Ore tonnes mined	kt	584	445	412	92	28
Waste tonnes mined	kt	3,297	3,799	5,483	3,506	3,142
Total tonnes mined	kt	3,881	4,244	5,895	3,598	3,170
Strip ratio [1]	w:o	5.6	8.5	13.3	38.1	112.2
Average gold grade of ore mined	gpt	2.10	2.85	2.16	1.34	1.10
El Limón						
Ore tonnes mined	kt	1,152	1,030	902	1,601	1,042
Waste tonnes mined	kt	8,429	6,996	6,440	7,944	9,139
Total tonnes mined	kt	9,581	8,026	7,342	9,545	10,181
Strip ratio	w:o	7.3	6.8	7.1	5.0	8.8
Average gold grade of ore mined	gpt	2.29	2.70	3.20	2.61	2.06
Total ELG Open Pits						
Ore tonnes mined	kt	1,736	1,475	1,314	1,693	1,070
Waste tonnes mined	kt	11,726	10,795	11,923	11,450	12,281
Total tonnes mined	kt	13,462	12,270	13,237	13,143	13,351
Strip ratio	w:o	6.8	7.3	9.1	6.8	11.5
Average gold grade of ore mined	gpt	2.23	2.75	2.87	2.54	2.03
ELG Underground						
Ore tonnes mined	kt	101	98	102	117	83
Average gold grade of ore mined	gpt	7.50	7.65	7.26	8.23	7.86

1. The strip ratio for Guajes is high for the three months ended March 31, 2019 because the activities within Guajes were focused on stripping activities without significant ore being mined.

Gold Production and Sales



In the first quarter of 2020, 108,537 ounces of gold were produced and 108,064 ounces of gold were sold. Lower production relative to prior three quarters was a result of lower grades mined within the El Limon pit, partially offset by stronger throughput and modestly higher recovery.

Safety

The Company continued to extend its safety record; as of the end of March, we reached over 5.5 million hours without a lost time injury. Since then, the lost time injury free record has been extended to over 6 million hours and more than one year worked. There were no fatalities (including on site contractor employees) in the quarter. The Company exited the quarter with a lost time injury frequency of 0.31 per million hours worked, with our last reported lost time injury on April 22, 2019. Overall, incident reporting is up and number of injuries remaining low.

To date, the Company has had no confirmed cases of COVID-19 infection at the ELG Mine in Mexico, or at the corporate office in Toronto.

Collective Bargaining Agreement

The Company's non-staff employees at its operations in Mexico are represented by a union. The Company and the union negotiated and signed a one-year agreement regarding wages for 2020. This agreement was ratified before the Mexican Labour Board on January 8, 2020. The Company and the union previously negotiated and signed an agreement regarding benefits for 2019 and 2020. This agreement was signed and ratified before the Mexican Labour Board on November 22, 2018. The cycle of negotiating wages each year and benefits every two years, is customary in Mexico.

Environmental

There were no reportable environmental incidents in the first quarter of 2020. Environmental initiatives undertaken by the Company to monitor water quality, air quality and biodiversity continue. Permissible limits for water and air quality have not been exceeded.

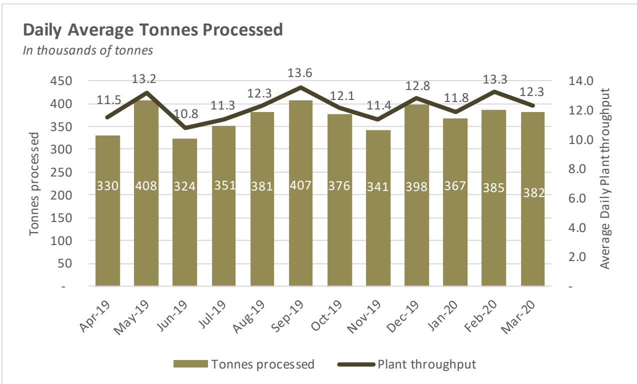
As part of the COVID-19 suspension of operations, a care and maintenance team has been kept on site to maintain environmental compliance and to keep the facilities and equipment in a state of production readiness.

Community

Various infrastructure projects in the communities were completed in the quarter, including the construction of a kindergarten, the re-engineering of the wetlands project in the community of La Fundición, and the rehabilitation of a septic tank for wastewater treatment.

Continued support has been provided for COVID-19 management in the local communities, including the implementation of infection prevention education campaigns for adults and children, the delivery of medical equipment for local health centers, and donating 1,000 litres of hand sanitizer and 3,500 medical masks to the Guerrero Department of Health.

Plant Performance



Coming out of Q4 2019, there were emerging concerns about root causes and possible fixes associated with the SAG mill drive train. In January, the plant was taken down for an extended 88 hour shut down to realign the drive train. Since the work was completed, vibration and temperature measurements have been within design tolerances. The improved availability (90% for Q1 2020) resulted in the best quarterly performance for milled tonnes per day (average of 12,464 for Q1 2020) since 2018. The preventative and predictive maintenance strategies implemented over the last several quarters are delivering benefits.

On the metallurgical side of the plant, the leach tank oxidation testing program to deal with soluble iron is also showing benefit. The program commenced in Q3 2019 with aeration, progressed to oxygen addition in one vessel in Q4 2019, and finally oxygen addition in 2 vessels in January 2020. As expected, results show a reduction in cyanide consumption of approximately 25% from the start of the program to the end of Q1 2020, together with an uplift in gold recoveries to 89% (versus design of 87%).

COVID-19 INTERRUPTION

On April 2, 2020, in response to a decree (the "Decree") issued by the Government of Mexico for all non-essential businesses in the country to temporarily suspend operations in order to mitigate the spread of COVID-19, the Company announced that operations would not re-start at the conclusion of a planned maintenance shutdown that was underway at the time the Decree was issued. The initial Decree has been extended to the end of May 2020. During the month of April, the Company has continued to pay taxes, royalties, duties and all other accounts payable, including full wages to all of its employees. As a single asset producer, continuing to make these payments without any source of revenue is not sustainable. In essence, the prolonged complete suspension "may have irreversible effects" for the ongoing health of the business. This exception was provided for in the original Decree. Additionally, subsequent to the issuing of the Decree, the Federal government created an exemption for businesses in municipalities with low infection rates to re-open on May 18, 2020. Currently the infection rate in the area of our operations is low and we are considering our options around a full resumption of operations when that exemption comes into effect. Considering these two exceptions, as of May 1, we have started to introduce stockpiled ore to the processing plant to test the effectiveness and durability of the repairs that were made during the maintenance shutdown. If adjustments are required, there will be time to perform them before mid-month. While the majority of our employee and contractor teams remain at home, an addition to the care and maintenance workforce has been made to accomplish this processing plant work. They will follow extensive contagion prevention measures that have been put in place to protect the care and maintenance teams and the surrounding communities.

EXPLORATION AND DEVELOPMENT ACTIVITIES

Media Luna Project Update

The Company's plan for the Media Luna Project is to advance the project from early stage development to production in 2024. In 2019, the infill drilling program at Media Luna was completed, successfully upgrading 25% of the previous Inferred resource to the Indicated confidence resource category, suitable for use in a feasibility study and the estimation of a Mineral Reserve. The objective of the infill drill program was to upgrade sufficient resources to generate a reserve that would pay back the initial capital investment. A subsequent infill drill program planned for 2020, with the intent to upgrade a greater portion of Inferred Resources to the Indicated category in time to be incorporated into the feasibility study, is currently underway.

Only the Indicated portion of a Mineral Resource estimate can be included in a feasibility study to generate a Mineral Reserve. As such, the mineable tonnes presented in the feasibility study will be significantly lower than the 2018 PEA, since all of the Inferred tonnes considered in the PEA will not have been upgraded to Indicated for inclusion in the study. Future infill drill programs will target the remaining Inferred tonnes for upgrading to the Indicated confidence category.

As at March 31, 2020, the Company has capitalized $40.9 million of expenditure since the commencement of development, including $2.5 million in the quarter ended March 31, 2020, in relation to development activities for the Media Luna Project.

Key trade-off studies are nearing completion and early field survey and technical study work in support of the permitting/approval process has commenced. A feasibility study with a budget of $11.0 million commenced in early 2020 and is expected to be completed in the first half 2021. The impact of the suspension of site activities due to COVID-19 safety measures is currently being assessed and may extend the study schedule. During 2020, an early works program will start excavating the access tunnel to Media Luna, thereby de-risking this component of the development schedule.

Before the commencement of commercial production, the Company is required to secure environmental, exploration, land use, water and infrastructure construction permits.

Pre-commercial capital expenditures, net of pre-commercial revenues, are estimated at $411.4 million as per the Technical Report (as defined below). The Company intends to fund these expenditures from cash flows generated from the existing mining operations.

An updated PEA for the Media Luna Project was included as part of the updated technical report (the "Technical Report") released on September 4, 2018, entitled "NI 43-101 Technical Report ELG Mine Complex Life of Mine Plan and Media Luna Preliminary Economic Assessment", which has an effective date of March 31, 2018 and is available on the Company's website at www.torexgold.com and filed on SEDAR at www.sedar.com.

Muckahi Mining System Update

In the first quarter of 2020, the focus was on training a new contingent of miners in Muckahi mining skills. We intend to excavate the Media Luna tunnel with our own crews and equipment. Hence getting skills developed ahead of time matters. As part of the training and testing program, another long hole open stope was drilled, blasted and mucked out. The fragmentation achieved was better than required to be 'conveyable' for the Muckahi system. The effectiveness of the slusher system to muck out the open stope was also demonstrated again. In the quarter, training and optimization of procedures was also ongoing through the continued excavation of the 30 degree down ramp into ELD. At an off-site location, testing, commissioning, and refining of the design of the tramming conveyor continued.

All Muckahi testing and training activities were suspended at the beginning of April in conjunction with the government's decree to contain the spread of COVID-19. These activities will be re-started as appropriate within the constraints imposed by contagion prevention efforts.

Morelos Gold Property Exploration Update

The Morelos property has many highly prospective targets that are untested. From amongst the targets that have been tested, large zones of mineralization and resources have been discovered. At this time, the exploration teams are primarily focused on advancing known mineralization and resources towards production. This takes the form of infill diamond drilling programs in Sub-Sill, El Limón Deep, and Media Luna with a purpose of upgrading the resource confidence class. We also seek to extend the known mineralization down dip from current resources. This step out drilling primarily takes place in Sub-Sill and ELD, with an option to do the same with Guajes when drilling locations come available. These drill programs are currently suspended as part of the COVID-19 contagion prevention measures. Once they restart, results will be released as they come available and are analyzed.

FINANCIAL CONDITION REVIEW

The Company's Debt Facility (defined below and discussed in the "Debt Financing" section of this MD&A) has financial covenants, which, if not met, could result in an event of default. As at March 31, 2020, the Company is in compliance with all financial and other covenants.

Summary Balance Sheet

The following table summarizes key balance sheet items at March 31, 2020:

Table 4.

In millions of U.S. dollars		**March 31, 2020**		**December 31, 2019**
Cash and cash equivalents	$	135.7	$	161.8
Value-added tax receivables		31.5		37.7
Inventory		125.5		129.2
Property, plant and equipment		835.5		874.4
Other assets		26.5		26.5
Total assets	$	1,154.7	$	1,229.6
Accounts payable and accrued liabilities	$	80.1	$	90.6
Income tax payable		19.9		68.7
Debt		155.2		174.9
Derivative contracts		28.8		1.6
Deferred income tax liabilities		66.4		33.7
Other liabilities		23.3		25.3
Total liabilities	$	373.7	$	394.8
Total shareholders' equity	$	781.0	$	834.8

Cash and cash equivalents and restricted cash

The Company ended the first quarter of 2020 with cash on hand of $135.7 million. The Company holds cash balances in both Canadian dollars and Mexican pesos, as well as U.S. dollar holdings.

Value-added tax ("VAT") receivables

The Company has VAT receivables primarily denominated in Mexican pesos. The VAT receivables balance fluctuates as additional VAT is paid and refunds are received, as well as with the movement of the Mexican peso exchange rate relative to the U.S. dollar and any provisions. During the first quarter of 2020, the Company collected $14.7 million in VAT receivables, and interest of $1.7 million. The Company recorded a provision for $3.1 million related to VAT claims that are considered to be uncollectible in the fourth quarter of 2019. There have been no significant changes in this provision in the first quarter of 2020.

Inventory

The decrease in inventory of $3.7 million is largely due to the accounting for stockpile inventory for open pit and underground material separately and on a per ounce basis.

Property, plant and equipment

Property, plant and equipment decreased by $38.9 million due to depreciation and amortization of $62.3 million, offset by additions to infrastructure, equipment, capitalized stripping costs and net closure and rehabilitation of $23.4 million.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities were $80.1 million at March 31, 2020 compared to $90.6 million at December 31, 2019. The decrease is primarily due to the timing of payments and the depreciation in the Mexican peso.

Income tax payable

Income tax payable decreased from $68.7 million at December 31, 2019 to $19.9 million at March 31, 2020. Income tax payable at March 31, 2020 includes both $19.7 million related to the 7.5% mining royalty and $4.6 million current income tax receivable on taxable income in the first quarter of 2020. Income tax payable at December 31, 2019 includes both $35.3 million related to the 7.5% mining royalty and $33.4 million current income tax payable on taxable income in 2019. The remaining tax loss carryforwards available to offset current income tax payable were fully utilized in the third quarter of 2019 and the Company commenced accruing current income taxes payable. The Company commenced paying income tax instalments in December 2019.

Derivative contracts

Derivative contracts increased from $1.6 million at December 31, 2019 to $28.8 million on March 31, 2020. This balance is primarily made up of current currency contracts that were entered into in Q1 2020 and will be settled within the next 12 months. The Company's other liabilities of $23.3 million includes non-current derivative liabilities of $1.0 million.

DEBT FINANCING

Debt Facility

On July 30, 2019, the Company through its subsidiary MML (as borrower) signed a Second Amended and Restated Credit Agreement ("SARCA") with the Bank of Montreal, BNP Paribas, ING Bank N.V., Dublin Branch, Société Générale and the Bank of Nova Scotia (the "Banks") in connection with a secured $335.0 million debt facility (the "Debt Facility"). The Debt Facility is comprised of a $185.0 million term loan (the "Term Facility") and a $150.0 million revolving loan facility (the "Revolving Facility"). As of July 30, 2019, the full amount of the Term Facility and $100.0 million of the Revolving Facility was outstanding. On the date of the refinancing, the Company repaid $2.4 million in relation to the Term Facility. Proceeds of the Revolving Facility may be used for general corporate purposes, including certain development expenditures and acquisitions, in all cases subject to the conditions of the Debt Facility. The Debt Facility contained cross-default provisions with certain of the Company's equipment lease and equipment loan, however the equipment lease and equipment loan were fully repaid in the fourth quarter of 2019. The Debt Facility restricts the Company from making distributions, except that the Company may distribute the Muckahi Subsidiaries (as defined below) or the Muckahi System Rights (as defined below, including by way of a "spin out" transaction) if there is no default or event of default. A Muckahi Subsidiary is a direct or indirect subsidiary of the Company whose assets are primarily comprised of the rights to and interest in the design of the Muckahi Mining System or assets related thereto (the "Muckahi System Rights").

The Debt Facility bears interest at a rate of LIBOR +3%. It includes standard and customary finance terms and conditions including with respect to fees, representations, warranties, covenants and conditions precedent to additional draws under the Revolving Facility. The Debt Facility is secured by all of the assets of MML and secured guarantees of the Company and each of its other subsidiaries with a direct or indirect interest in the ELG Mine Complex and or the Media Luna Project. The Revolving Facility will be reduced to $100.0 million on December 31, 2021.

On December 19, 2019, the Company executed an amendment to the SARCA, increasing the proceeds allowable for development expenditure and accelerating the Term Facility repayment schedule. The Revolving Facility will mature on June 30, 2022 and the Term Facility will mature on March 31, 2022, as amended from June 30, 2022. The Term Facility may be repaid in full at any time without penalty or premium.

During the quarter ended March 31, 2020, the Company made principal repayments of $21.3 million under the Debt Facility.

The Debt Facility permits, including by use of the Revolving Facility, potential spending to facilitate the development of the Media Luna Project, the Muckahi Mining System, and other existing and future projects of the Company, subject to the conditions of the Debt Facility, including compliance with (i) financial covenants related to maintaining a net leverage ratio of 3.0, a debt service coverage ratio of 1.15 and minimum liquidity of $50.0 and (ii) certain thresholds with respect to the quantum of development expenditures and the amount spent on the Muckahi Mining System. The Debt Facility also includes a Reserve Tail Test that replaces the Reserve Tail Ratio. Non-compliance with the Reserve Tail Test is not an event of default, but instead restricts the amount that can be drawn under the Revolving Facility, and depending on the amount drawn, may also require prepayments of the Debt Facility. As at March 31, 2020, $140.0 million of the Revolving Facility was available based on the Reserve Tail Test, of which $50.0 million was drawn.

As at March 31, 2020, the Company is in compliance with the financial and other covenants under the Debt Facility.

The SARCA is available on SEDAR at www.sedar.com.

The Decree issued by the Government of Mexico on March 30, 2020 resulted in the Company declaring a force majeure event under the SARCA. The occurrence of a force majeure event which continues for any period longer than 180 consecutive days constitutes an event of default, which would entitle the Banks to demand repayment of any outstanding balances under the SARCA.

Under the SARCA, MML may not draw on the Debt Facility if a default has occurred unless a waiver has been obtained. On April 18, 2020, the Banks granted a waiver of the force majeure event until April 30, 2020, which enabled MML to proceed with the $50.0 million drawdown on the Revolving Facility. On April 23, 2020, the Company drew an additional $50.0 million on the Revolving Facility. The Decree and waiver were subsequently extended to May 31, 2020.

LIQUIDITY AND CAPITAL RESOURCES

The total assets of the Company as at March 31, 2020 were $1,154.7 million (December 31, 2019 - $1,229.6 million), which includes $135.7 million in cash and cash equivalents (December 31, 2019 - $161.8 million).

Cash flow generated from operating activities, excluding changes in non-cash working capital, for the first quarter of 2020 was $21.8 million compared to $36.4 million for the first quarter of 2019. Cash flow generated from operating activities after non-cash working capital for the first quarter of 2020 was $29.5 million compared to $32.3 million for the first quarter of 2019. The decrease in cash generated from operating activities is largely due to the increase in the income tax paid.

Investing activities resulted in net cash outflows of $25.6 million in the first quarter of 2020, compared with net cash outflows of $37.1 million for the first quarter of 2019. The decrease in cash outflows is largely due to the decrease in additions to property, plant and equipment, primarily related to the decrease in deferred stripping activity.

Financing activities resulted in net cash outflows of $24.2 million for the first quarter of 2020 compared with net cash outflows of $25.3 million in the first quarter of 2019. Net cash flows used in financing activities for the three months ended March 31, 2020 relate primarily to scheduled repayments under the Debt Facility and leases totalling $21.8 million, and interest paid of $2.5 million. In comparison, for the three months ended March 31, 2019 net cash flows used in financing activities relate primarily to repayment of debt of $20.7 million and interest paid of $5.8 million, offset by cash flows of $1.2 million from exercise of stock options. Subsequent to March 31, 2020, the Company drew an additional $50.0 million on the Revolving Facility.

As at March 31, 2020, the Company's contractual obligations included office lease agreements, office equipment leases, long-term land lease agreements with the Rio Balsas, the Real del Limón, Atzcala and the Puente Sur Balsas Ejidos and the individual owners of land parcels within certain of those Ejido boundaries, and contractual commitments related to the purchases of goods and services used in the operation of the ELG Mine Complex and the Media Luna Project. All of the long-term land lease agreements can be terminated within a year at the Company's discretion at any time without penalty.

In addition, production revenue from concessions are subject to a 2.5% royalty payable to the Mexican Geological Survey agency. The royalty is accrued based on revenue and payable on a quarterly basis. In January 2020, the Company paid $4.8 million relating to the 2.5% royalty for the fourth quarter of 2019. In April 2020, the Company paid $4.3 million relating to the 2.5% royalty for the first quarter of 2020.

The Company is subject to a mining tax of 7.5% on earnings before the deduction of taxes, interest, depreciation and amortization, and a royalty of 0.5% on sales of gold, silver and platinum. Both the mining tax and 0.5% royalty are payable on an annual basis. In March 2020, the Company paid $17.5 million in respect of the 7.5% and 0.5% royalties for 2019.

The trends that affect the Company's liquidity are further described in the "Economic Trends" section of this MD&A. The liquidity risks associated with the Company's financial instruments are set out in the "Financial Risk Management" section of this MD&A.

For discussion of liquidity risks pertaining to COVID-19, refer to sections "Financial Risk Management" and "Risks and Uncertainties" of this MD&A.

Contractual Commitments

Table 5.

		Payments Due by Period			
In millions U.S. dollars	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**Greater than 5 years**
ELG Mine Complex operating commitments	90.8	90.8	-	-	-
ELG Mine Complex capital commitments	8.8	8.8	-	-	-
Debt	162.4	75.5	85.6	0.6	0.7
Total	**$ 262.0**	**$ 175.1**	**$ 85.6**	**$ 0.6**	**$ 0.7**

OUTSTANDING SHARE DATA

Table 6.

Outstanding Share Data at May 5, 2020	**Number**
Common shares	85,516,268
Share purchase options [1]	231,254
Restricted share units [2, 3]	508,620
Performance share units [4]	576,618

1. *Each share purchase option is exercisable into one common share of the Company.*
2. *Each restricted share unit is redeemable for one common share of the Company.*
3. *The balance includes both Restricted Share Units ("RSUs") and Employee Restricted Share Units ("ERSUs") issued under the Restricted Share Unit Plan ("RSU Plan") and the Employee Share Unit ("ESU Plan"), respectively.*
4. *The number of performance share units that vest is determined by multiplying the number of units granted to the participant by an adjustment factor, which ranges from 0 to 2.0. Therefore, the number of units that will vest and be settled may be higher or lower than the number of units originally granted to a participant. The adjustment factor is based on the Company's total shareholder return relative to a group of comparable companies over the applicable period. Under the terms of the plan, the Board of Directors is authorized to determine the adjustment factor.*

NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Company has presented certain non-IFRS measures in this document. The Company believes that these measures, while not a substitute for measures of performance prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Total cash costs

Total cash costs is a common financial performance measure in the gold mining industry; however, it has no standard meaning under IFRS. The Company reports total cash costs on a per ounce sold basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as costs of sales, certain investors use this information to evaluate the Company's performance and ability to generate operating income and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating costs. Total cash costs are calculated in accordance with the standard developed by the Gold Institute. Adoption of the standard is voluntary and other companies may quantify this measure differently as a result of different underlying principles and policies applied.

All-In Sustaining Costs

AISC is a common financial performance measure in the gold mining industry; however, it has no standard meaning under IFRS. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as cost of sales and cash flows from operations, certain investors use this information to evaluate the Company's operating performance and its ability to generate free cash flow from current operations. Management uses this metric as an important tool to monitor operating and capital costs.

Torex reports AISC in accordance with the guidance issued by the World Gold Council ("WGC"). The WGC definition of AISC seeks to extend the definition of total cash costs by adding corporate general and administrative costs, reclamation and remediation costs (including accretion and amortization), exploration and study costs (capitalized and expensed), capitalized stripping costs, sustaining capital expenditures and sustaining leases and represents the total costs of producing gold from current operations. AISC excludes income tax payments, interest costs, costs related to business acquisitions and certain items needed to normalize earnings. Consequently, these measures are not representative of all of the Company's cash expenditures. In addition, the calculation of AISC does not include depreciation expense as it does not reflect the impact of expenditures incurred in prior periods. Therefore, it is not indicative of the Company's overall profitability. Other companies may quantify these measures differently because of different underlying principles and policies applied. Differences may also occur due to different definitions of sustaining versus non-sustaining capital. In November 2018, the WGC updated its guidance for all-in-sustaining costs. The Company adopted the updated guidance beginning January 1, 2019.

Reconciliation of Total Cash Costs and All-in Sustaining Costs to Cost of Sales

Table 7.

		Three Months Ended	
In millions of U.S. dollars, unless otherwise noted		**March 31, 2020**	**March 31, 2019**
Gold sold	oz	108,064	76,473
Total cash costs per ounce sold			
Production costs and royalties [1]	$	88.0	59.3
Less: Silver sales	$	(0.5)	(0.9)
Less: Copper sales	$	(1.7)	(1.4)
Total cash costs	$	85.8	57.0
Total cash costs per ounce sold	$/oz	794	745
All-in sustaining costs per ounce sold			
Total cash costs	$	85.8	57.0
General and administrative costs [2]	$	5.6	6.0
Reclamation and remediation costs	$	1.0	0.5
Sustaining exploration costs	$	0.9	0.2
Sustaining capital expenditure [3]	$	12.1	25.1
Total all-in sustaining costs	$	105.4	88.8
Total all-in sustaining costs per ounce sold	$/oz	975	1,161

1. Included within production costs and royalties is the cash component of an inventory impairment charge for long-term, low-grade stockpiles planned for processing at the end of the Company's life of mine of $0.7 million or $6/oz for the three months ended March 31, 2020 (for the three months ended March 31, 2019, $2.4 million or $31/oz).
2. This amount excludes the gain on remeasurement of share-based compensation totalling $2.4 million and the corporate depreciation and amortization expenses totalling $0.1 million recorded within general and administrative costs. Included in general and administrative costs are share-based compensation expense in the amount of $1.8 million or $17/oz for the three months ended March 31, 2020 (for the three months ended March 31, 2019, $1.9 million or $25/oz).
3. Based on additions to property, plant and equipment per the Statement of Cash Flows for the three months ended March 31, 2020 of $23.7 million. Before changes in net working capital, capital expenditures for the three months ended March 31, 2020 totalled $24.9 million. Sustaining capital expenditures of $12.1 million in the three months ended March 31, 2020 are related to $6.7 million for the cash component of capitalized stripping activities, and $5.4 million for sustaining equipment and infrastructure expenditures. Non-sustaining capital expenditures of $12.8 million in the three months ended March 31, 2020 relating to Muckahi, El Limón Deep, the Sub-Sill, and the Media Luna Project, have been excluded from AISC.

Average Realized Price and Average Realized Margin

Average realized price and average realized margin per ounce of gold sold are non-IFRS financial measures that do not have a standard meaning under IFRS. Management and certain investors use these measures to better understand the gold price and margin realized throughout a period.

Average realized price is quantified as revenue per the Statement of Operations and Comprehensive Loss less silver and copper sales. Average realized margin reflects average realized price per ounce of gold sold less total cash costs per ounce of gold sold.

The average realized price for the first quarter of 2020 was $1,571 per ounce of gold sold compared to $1,302 per ounce of gold sold for the first quarter of 2019. The increase is a result of higher average spot prices in the first quarter of 2020 compared to the first quarter of 2019.

The average realized margin for the first quarter of 2020 was $777 per oz of gold sold compared to $557 per oz of gold sold for the first quarter of 2019. The increase primarily reflects higher average spot prices, partially offset by higher total cash costs per oz of gold sold.

Reconciliation of Average Realized Price and Average Realized Margin to Revenue

Table 8.

In millions of U.S. dollars, unless otherwise noted		**Three Months Ended March 31, 2020**	**Three Months Ended March 31, 2019**
Gold sold	oz	108,064	76,473
Revenue	$	172.0	101.9
Less: Silver sales	$	(0.5)	(0.9)
Less: Copper sales	$	(1.7)	(1.4)
Total proceeds	$	169.8	99.6
Total average realized price per ounce	$/oz	1,571	1,302
Less: Total cash costs per ounce	$/oz	794	745
Total average realized margin per ounce	$/oz	777	557

Adjusted Net Earnings (Loss)

Adjusted net earnings (loss) and adjusted net earnings (loss) per share (basic and diluted) are non-IFRS financial measures with no standard meaning under IFRS. Management and certain investors use these metrics to measure the underlying operating performance of the Company. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior periods.

Adjusted net earnings (loss) is defined as net income (loss) adjusted to exclude specific items that are significant but not reflective of the underlying operating performance of the Company, such as: the impact of unrealized foreign exchange gains and losses, non-cash unrealized gains and losses on derivative contracts, certain impairment provisions, remeasurement of share-based payments and the tax effect of currency translation on tax base, net of tax.

Adjusted net earnings (loss) per share amounts are calculated using the weighted average number of shares outstanding on a basic and diluted basis as determined under IFRS.

Adjusted net earnings for the first quarter of 2020 were $19.9 million, compared to the adjusted net loss of $5.7 million for the first quarter of 2019. The increase in adjusted net earnings (loss) is largely due to a higher tax effect of currency translation on tax base, unrealized loss on derivative contracts, partially offset by a higher net loss.

Reconciliation of Adjusted Net Earnings (Loss) to Net Loss

Table 9.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended March 31, 2020	 March 31, 2019
Basic weighted average shares outstanding	shares	85,448,137	85,083,405
Diluted weighted average shares outstanding	shares	85,448,137	85,083,405
Net loss	$	(47.0)	(1.3)
Adjustments, after-tax:			
Unrealized foreign exchange loss (gain)	$	2.8	(1.3)
Unrealized loss on derivative contracts	$	27.6	0.3
Remeasurement of share-based payments	$	(2.4)	-
Tax effect of adjustments	$	(8.4)	0.3
Tax effect of currency translation on tax base	$	47.3	(3.7)
Adjusted net earnings (loss)	$	19.9	(5.7)
Per share - Basic	$/share	0.23	(0.07)
Per share - Diluted	$/share	0.23	(0.07)

Earnings before Interest, Taxes, Depreciation and Amortization "EBITDA" and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-IFRS measures with no standard meaning under IFRS. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use these measures to evaluate the operating performance of the Company. Presenting these measures from period to period helps identify and evaluate earnings trends more readily in comparison with results from prior periods.

EBITDA is defined as net loss adjusted to exclude depreciation and amortization, net finance costs and income tax expense (recovery). Adjusted EBITDA is defined as EBITDA adjusted to exclude specific items that are significant but not reflective of the underlying operating performance of the Company, such as the impact of unrealized foreign exchange gains and losses, non-cash unrealized gains and losses on derivative contracts, remeasurement of share-based payments, and certain impairment provisions.

Reconciliation of EBITDA and Adjusted EBITDA to Net Loss

Table 10.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended March 31, 2020	 March 31, 2019
Net loss	$	(47.0)	(1.3)
Finance costs, net	$	3.7	6.4
Depreciation and amortization [1]	$	56.3	25.9
Current income tax (recovery) expense	$	(6.3)	2.1
Deferred income tax expense	$	32.7	4.1
EBITDA	$	39.4	37.2
Adjustments:			
Unrealized foreign exchange loss (gain)	$	2.8	(1.3)
Unrealized loss on derivative contracts	$	27.6	0.3
Remeasurement of share-based payments	$	(2.4)	-
Adjusted EBITDA	$	67.4	36.2

1. Includes depreciation and amortization included in cost of sales, general and administrative, and exploration and evaluation expenses.

Free cash flow

Free cash flow is a non-IFRS measure with no standardized meaning under IFRS. The Company defines free cash flow as free cash flow before non-sustaining capital expenditures less cash outlays for non-sustaining capital expenditures. Free cash flow before non-sustaining capital expenditures is defined as net cash generated from operating activities less cash outlays for sustaining capital expenditure and interest payments. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's operating performance and its ability to fund operating and capital expenditures without reliance on additional borrowing.

Table 11.

		Three Months Ended	
In millions of U.S. dollars, unless otherwise noted		**March 31, 2020**	**March 31, 2019**
Net cash generated from operating activities	$	29.5	32.3
Less:			
Sustaining capital expenditures	$	(12.1)	(25.1)
Interest paid	$	(2.5)	(5.8)
Free cash flow before non-sustaining capital expenditures	$	14.9	1.4
Less:			
Non-sustaining capital expenditures	$	(12.8)	(8.8)
Free cash flow	$	2.1	(7.4)

Net debt

Net debt is a non-IFRS measure with no standardized meaning under IFRS. Net debt is defined as total debt adjusted for unamortized deferred financing charges less cash and cash equivalents at the end of the period. These measures are used by management, and may be used by certain investors, to measure the Company's debt leverage.

Net debt at March 31, 2020 was $26.3 million, compared to $21.7 million at December 31, 2019. The increase is largely due to a decrease in the cash and cash equivalents balance, partially offset by principal repayments.

Table 12.

In millions of U.S. dollars, unless otherwise noted		**March 31, 2020**	**December 31, 2019**
Debt	$	155.2	174.9
Add: Deferred financing charges	$	6.8	8.6
Less: Cash and cash equivalents	$	(135.7)	(161.8)
Net Debt	$	26.3	21.7

ADDITIONAL IFRS FINANCIAL MEASURES

The Company has included the additional IFRS measures "Earnings from mine operations" and "Cash generated from operating activities before change in non-cash working capital balances" in its financial statements.

"Earnings from mine operations" provides useful information to management and investors as an indication of the Company's principal business activities before consideration of how those activities are financed, and expended in respect of sustaining capital expenditures, corporate general and administrative expenses, exploration and evaluation expenses, foreign exchange gains, derivative gains and losses, finance costs and income, and taxation.

"Cash generated from operating activities before change in non-cash working capital balances" provides useful information to management and investors as an indication of the cash flows from operations before consideration of the impact of changes in working capital balances in the period.

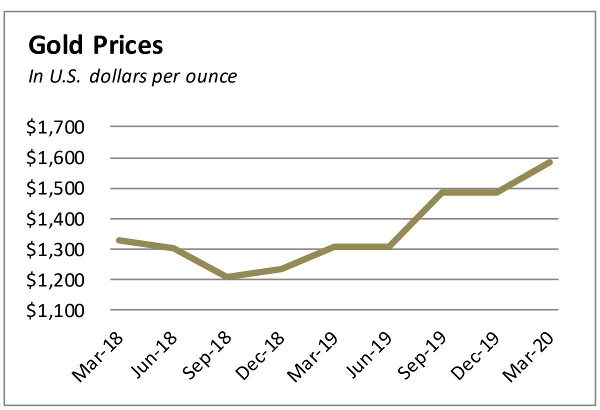
ECONOMIC TRENDS

The Company's results from operations, financial condition, and cash flows are affected by various business conditions and economic trends that are beyond the Company's control. The market price for gold and foreign currency exchange rates are the most significant external factors that affect the Company's financial performance.

Table 13.

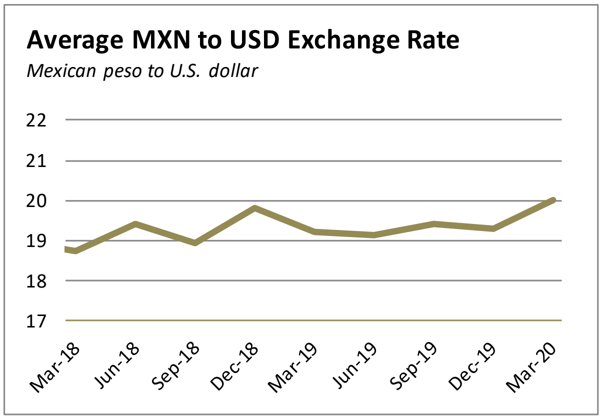
		Three Months Ended March 31,	
		2020	**2019**
Average market spot prices			
Gold	$/oz	1,587	1,306
Average market exchange rates			
Mexican peso : U.S. dollar	Peso : $	20.0	19.2
Canadian dollar : U.S. dollar	C$: $	1.34	1.33

Metal prices



The Company's profitability and operating cash flows are significantly impacted by the price of gold. The market price of gold continued to exhibit volatility during the first three months of 2020, and averaged $1,587 per oz of gold, up 22% over the average price for the three months ended March 31, 2019. Since the beginning of the year, gold prices increased 5%. The Company has hedged 8,000 ounces per month, for a total of 96,000 ounces, through the first quarter of 2021 at an average floor price $1,413 per ounce and an average ceiling price of $1,763.

Foreign exchange rates



The functional currency of the Company and its subsidiaries is the U.S. dollar and it is therefore exposed to financial risk related to foreign exchange rates. In particular, approximately 47% of the Company's costs for first three months of 2020 were incurred in Mexican pesos. In the first quarter of 2020, the Company entered into currency forwards to hedge approximately 50% of its peso-denominated expenditures for a total of $234.0 million or 4.6 billion pesos. As at March 31, 2020, $153.0 million are outstanding with contract prices from 19.05 to 21.34 pesos. Changes in exchange rates are expected to have an impact on the Company's results. In addition, the Company is exposed to foreign exchange risk on its non-U.S. dollar denominated monetary assets and liabilities. The average exchange rate of the Mexican peso relative to the U.S. dollar was 20.0 and 19.2 pesos during three months ended March 31, 2020 and three months ended March 31, 2019, representing a depreciation of 4% in the Mexican peso.

SUMMARY OF QUARTERLY RESULTS

Quarterly Results for the Eight Most Recently Completed Quarters

Table 15.

		2020	2019				2018		
In millions of U.S. dollars, unless otherwise noted		**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**
Financial Results									
Revenue	$	172.0	190.0	198.2	150.7	101.9	130.7	126.4	101.8
Net (loss) income	$	(47.0)	35.1	27.4	10.0	(1.3)	1.4	23.9	(12.3)
Per share - Basic	$/share	(0.55)	0.41	0.32	0.12	(0.02)	0.02	0.28	(0.14)
Per share - Diluted	$/share	(0.57)	0.41	0.32	0.12	(0.02)	0.02	0.28	(0.14)

For each of the eight most recent completed quarters, the financial data was prepared in accordance with IFRS. The presentation and functional currency is in U.S. dollars. The quarterly results are unaudited. Sum of all the quarters may not add up to annual or year to date totals due to rounding. The Company adopted IFRS 16, Leases in the annual period beginning January 1, 2019. The Company elected to apply IFRS 16 using a modified retrospective approach and therefore, comparative amounts were not restated. The impact of the adoption of the new standard was not material to the Company's consolidated financial statements.

Net (loss) income has fluctuated based on, among other factors, the quantity and grade of ore mined and processed, gold prices, foreign exchange rates, current and deferred income tax expenses, interest income on VAT receivables, cost of reagents consumed, impairment provisions, and the blockade. Gold prices affect the Company's realized sales prices of its gold production. Fluctuations in the value of the Mexican peso and Canadian dollar relative to the U.S. dollar affect the Company's operating and corporate expenses, income taxes, and the value of non-U.S. dollar denominated monetary assets and liabilities such as cash, amounts receivable, accounts payable and debt. Changes in the value of the Mexican peso also impact the tax basis of non-monetary assets and liabilities considered in the Company's deferred tax liability.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no changes in the accounting policies adopted by the Company or significant judgments, estimates and assumptions made by the Company from those detailed in Note 4 to the Company's audited consolidated financial statements for the year ended December 31, 2019.

RECENT ACCOUNTING PRONOUNCEMENTS

There have been no changes in the accounting policies adopted by the Company from those detailed in Note 3 in the Company's audited consolidated financial statements for the year ended December 31, 2019.

FINANCIAL RISK MANAGEMENT

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include liquidity risk, foreign currency risk, commodity price risk and interest rate risk, and are detailed in Note 13 of the Company's unaudited condensed consolidated financial statements for the three months ended March 31, 2020.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company is exposed to liquidity risks in meeting its operating expenditures in instances where cash positions are unable to be maintained or appropriate financing is unavailable. The primary sources of funds available to the Company are cash flow generated by the ELG Mine Complex, its cash reserves and any available funds under the Revolving Facility.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At March 31, 2020, the Company had cash balances of $135.7 million (December 31, 2019 – $161.8 million). The Company maintains its cash in fully liquid business accounts. At March 31, 2020, the cash balance held by MML was $83.3 million (December 31, 2019 - $101.4 million).

As at March 31, 2020, the amount outstanding under the Debt Facility, excluding unamortized deferred financing fees, totalled $158.8 million. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

Cash flows that are expected to fund the operation of the ELG Mine Complex and settle current liabilities are dependent on, among other things, proceeds from gold sales. If operations at the ELG Mine Complex are shut down as a result of an illegal blockade or other disruption to operations including COVID-19, the Company may not be able to generate sufficient cash flow to meet its obligations or satisfy the financial covenants under the Debt Facility, including but not limited to the minimum liquidity threshold and debt service coverage, and service its debt on a timely basis.

Operations at ELG Mine Complex have been temporarily suspended since April 2, 2020, in order to mitigate the spread of COVID-19 in response to the Decree by the Mexican government. The initial Decree has been extended to May 18, 2020 and perhaps longer depending on the COVID-19 infection rates in the surrounding area. If operations at the ELG Mine Complex are shut down for a prolonged period, depending on the length of such shut down, the Company may not be able to generate sufficient cash flow or have sufficient cash reserves to meet its obligations as they become due or satisfy the financial covenants under the Debt Facility, including but not limited to the minimum liquidity threshold, and service its debt on a timely basis.

The Company may also have various options available to mitigate the risk of breaching the covenants under the SARCA, including securing additional financing, deferring payments, renegotiation of the minimum liquidity and debt service covenants with the Banks, strategic investments, joint ventures and sale of assets. These options are necessarily based on the agreement of other parties outside of the Company's direct control. There can be no assurances that the

Company would be able access additional financing, obtain any necessary waivers or consents from the Banks or complete any strategic investments, joint ventures and sale of assets.

Foreign Currency Risk

The Company is exposed to financial risk related to foreign exchange rates. The Company operates in Canada and Mexico and has foreign currency exposure to non-U.S dollar denominated transactions. The Company expects a significant amount of exploration, capital development, operating and decommissioning expenditures associated with the Morelos Gold Property to be paid in Mexican pesos and U.S. dollars. A significant change in the currency exchange rates between the Canadian dollar and Mexican peso compared to the U.S. dollar is expected to influence the Company's results of operations in the future periods.

The Company entered into the currency forwards in first quarter of 2020 for approximately 50% of its anticipated 2020 peso-denominated expenditures totaling $234.0 million or 4.6 billion pesos. As at March 31, 2020, a 10% in the peso exchange rate would result in a decrease or increase of $10.7 million (using the rate as at March 31, 2020 of 23.51) in the Company's net loss for the quarter.

As at March 31, 2020, based on ending spot rates compared to the end of the prior quarter, December, 31 2019, the Mexican peso depreciated by 24.8%. This led to an increase in the U.S. dollar equivalent tax value of the Company's property, plant and equipment, which for tax purposes is denominated in Mexican pesos. This increase in value for tax purposes, without a change in the value of the property, plant and equipment for IFRS purposes (as it is denominated in U.S. dollars) decreased the temporary difference between the values. The difference in these values at March 31, 2020, multiplied by the applicable Mexican tax rate, derives an associated deferred tax liability. This value was higher than the equivalent deferred tax liability value calculated for the prior year. The difference in these liabilities resulted in a deferred tax expense for the quarter.

Commodity Price Risk

Gold prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. In the third quarter of 2019, the Company entered into zero-cost collar hedges to deliver 8,000 ounces of gold per month over a 12-month period commencing in September 2019. Each quarter since, the Company entered into additional contracts on similar terms to deliver 8,000 ounces of gold per month. The contracts extend until March 2021. The remaining gold collar contracts have a floor price between $1,400 to $1,450 per ounce with varying ceiling prices of the collars ranging from $1,703 per ounce to $1,854 per ounce.

As at March 31, 2020, a 10% change in the gold price would result in a decrease or increase of $0.1 million (using the spot rate as at March 31, 2020 of $1,597 per ounce) in the Company's net loss for the quarter relating to the zero-cost collar hedges.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument or its fair value will fluctuate because of changes in market interest rates. The Debt Facility bears interest at a rate of LIBOR +3%.

In the first quarter of 2019, the Company entered into interest rate swap contracts for a fixed LIBOR of 2.492% on interest payments related to $150.0 million of the Debt Facility to hedge against unfavourable changes in interest rates. As at March 31, 2020, a 100 basis points change in the LIBOR would result in a decrease or increase of $1.4 million (using the LIBOR rate as at March 31, 2020 of 1.2%) in the Company's net loss for the quarter relating to the interest rate swap contracts.

RISKS AND UNCERTAINTIES

There are various claims and litigation, with which the Company is involved. The Company's management does not consider the exposure to such litigation to be material, although this cannot be predicted with certainty. For a comprehensive discussion of litigation risk and other risks faced by the Company, which may cause the actual financial results, performance or achievements of the Company to be materially different from the Company's estimated future results, performance or achievements expressed or implied by forward-looking information or forward-looking statements, please refer to the Company's latest Annual Information Form ("AIF"), filed on www.sedar.com.

COVID-19 and Other Global Pandemics

On April 2, 2020, in response to the Decree issued by the Government of Mexico for all non-essential businesses in the country to temporarily suspend operations in order to mitigate the spread of COVID-19, the Company announced that operations would not re-start at the conclusion of a planned maintenance shutdown of the processing plant that was underway at the time the Decree was issued. The initial Decree has been extended to the end of May 2020. The original decree provided for certain exemptions and subsequently, the Federal government created additional exemptions to the Decree including an exemption that will permit businesses in municipalities with low infection rates to re-open on May 18, 2020. Currently, the infection rate in the area of our operations is low. During the month of April, the Company has continued to pay taxes, royalties, duties and all other accounts payable, including full wages to all of its employees. As a single asset producer, continuing to make these payments without any source of revenue is not sustainable for an extended period of time. Considering these circumstances and the exemptions to the Decree, as of May 1st, we have started to introduce stockpiled ore to the processing plant to test the effectiveness and durability of the repairs that were made during the maintenance shutdown and we are considering our options around a full resumption of operations in the latter half of May. If adjustments to the processing plant are required as a result of this testing, there will be time to perform them before mid-month. While the majority of our employee and contractor teams remain at home, an addition to the care and maintenance workforce has been made to accomplish this processing plant work. They will follow the extensive contagion prevention measures that we have been put in place to protect the care and maintenance teams and the surrounding communities.

These changes may have a material adverse impact on the Company as it will result in disruptions to production, delays in the development timeline and increased costs. In addition, Mexican authorities could impose new or additional requirements resulting in further limitations on the activities, or the suspension of all activities, at El Limón Guajes and Media Luna. Alternatively, in the event of an outbreak of COVID-19 at El Limón Guajes or Media Luna, Mexican authorities, either federally or in the State of Guerrero, or the Company could determine that a full suspension of all of its operations is necessary for the safety and protection of the workers. A complete suspension of operations at El Limón Guajes or Media Luna beyond the current reduced operations could result in further delays in production, the development of the project, result in additional increases in costs and have a material adverse effect on the financial position of the Company. If Mexican authorities were to extend the suspension order caused by the COVID-19 virus outbreak beyond May 2020, or if there a full suspension of operations at El Limón Guajes or Media Luna for an undefined period of time there could be additional medical and other costs to be incurred, project delays, cost overruns, and operational restart costs.

Moreover, the actual and threatened further spread of COVID-19 globally could continue to negatively impact stock markets, including the trading price of the Company's Common Shares, could adversely impact the Company's ability to raise capital, could cause continued interest rate volatility and movements that could make obtaining financing more challenging or more expensive and could result in any operations affected by COVID-19 becoming subject to quarantine. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The President and Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control framework was designed based on the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

There was no change in the Company's internal controls over financial reporting that occurred during the first quarter of 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's President and Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures, that as of March 31, 2020, the Company's disclosure controls and procedures have been designed to provide reasonable assurance that material information is made known to them by others within the Company.

Limitations of Controls and Procedures

The Company's management, including the President and Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

QUALIFIED PERSONS

Scientific and technical information contained in this MD&A has been reviewed and approved by Clifford Lafleur, P.Eng., Director, Resource Management and Mine Engineering of Torex Gold Resources Inc. and a Qualified Person under NI 43-101.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's most recent annual information form, is available under the Company's profile on SEDAR at www.sedar.com, and is available upon request from the Company.

Updated Media Luna Resource Estimate

Following completion of a 175-hole infill drill program in 2019, the deposit hosts an Indicated Mineral Resource of 2.24 million gold equivalent ounces at a gold equivalent grade of 5.55 gpt (1.32 million gold ounces at a grade of 3.27 gpt) and an Inferred resource of 4.56 million gold equivalent ounces at a gold equivalent grade of 4.23 gpt (2.68 million gold ounces at a grade of 2.49 gpt), reported at a cut-off grade of 2.0 gpt AuEq. The current Mineral Resource covers approximately 30% of the area of the targeted magnetic anomaly. The effective date of the latest Mineral Resource Estimate is December 31, 2019 (see table below).

For more information on the updated Media Luna resource estimate, see the news release titled "Torex Gold Announces Updated Media Luna Resource Estimate" issued on January 13, 2020, filed on SEDAR at www.sedar.com and on the Company's website at www.torexgold.com.

Mineral Resource Statement as of December 31, 2019 – Media Luna

	Tonnes	AuEq	Au	Ag	Cu	AuEq	Au	Ag	Cu
	(Mt)	(g/t)	(g/t)	(g/t)	(%)	(Moz)	(Moz)	(Moz)	(Mlb)
Media Luna									
Measured	-	-	-	-	-	-	-	-	-
Indicated	12.6	5.55	3.27	37.7	1.16	2.24	1.32	15.3	322
Total Measured & Indicated	**12.6**	**5.55**	**3.27**	**37.7**	**1.16**	**2.24**	**1.32**	**15.3**	**322**
Inferred	33.5	4.23	2.49	23.6	0.93	4.56	2.68	25.5	686

Notes to accompany resource table

1. The effective date of the estimate is December 31, 2019.
2. Mineral resources are reported above a 2 gpt gold equivalent (AuEq) cut-off grade; AuEq = Au (gpt) + Cu % *(77.16/49.83) + Ag (gpt) * (0.64/49.83)
3. The assumed mining method is from Underground
4. Mineral resources are reported using a long-term gold price of US$1,550/oz, silver price of US$20.00/oz, and copper price of US$3.50 per pound.
5. Costs per tonne of mineralized material (including mining, milling, and general and administrative) used is US$75 per tonne. Metallurgical recoveries average 85% for gold, 75% for silver and 89% for copper
6. Mineral resources that are not mineral reserves do not have demonstrated economic viability
7. Mineral resources are classified in accordance with applicable CIM Standards
8. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade, and contained metal content
9. Mineral resources are reported as undiluted; grades are contained grades
10. The estimate was prepared by Dr. Lars Weiershäuser, P.Geo., an employee of the Company, who is a “qualified person” under NI 43-101

CAUTIONARY NOTES

Preliminary Economic Assessment

A preliminary economic assessment should not be considered a prefeasibility study or feasibility study, as the economics and technical viability of the Media Luna Project have not been demonstrated at this time. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. It cannot be assumed that all or any part of the inferred mineral resources will ever be upgraded to a higher category. Furthermore, there is no certainty that the conclusions or results as reported in the Media Luna PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Media Luna PEA includes information on Muckahi. It is important to note that Muckahi is experimental in nature and has not been tested in an operating mine. Many aspects of the system are conceptual, and proof of concept has not been demonstrated. Drill and blast fundamentals, standards and best practices for underground hard rock mining are applied in the Muckahi, where applicable. The proposed application of a monorail system for underground transportation for mine development and production mining is unique to underground hard rock mining. There are existing underground hard rock mines that use a monorail system for transportation of materials and equipment, however not in the capacity described in the Technical Report. Aspects of Muckahi mining equipment are currently in the design stage. The mine design, equipment performance and cost estimations are conceptual in nature, and do not demonstrate technical or economic viability. The Company has completed the development and the first phase of testing the concept for the mine development and production activities and will move to optimization in 2020 to further verify the viability of Muckahi.

The ability to develop and test Muckahi is dependent on available funding from Torex's resources including distributions from MML. The SARCA places restrictions on the amount that Torex may spend on Muckahi from distributions from MML. There is no assurance that the Company will be able to complete the development and testing of Muckahi as planned.

Forward-Looking Statements

This MD&A contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the future exploration, development and exploitation plans concerning the Morelos Gold Property; the adequacy of the Company's financial resources, particularly in light of the COVID-19 pandemic; the impact of the accounting changes to stockpiled ore declining over the coming quarters and averaging out at the impact expected in the original annual guidance numbers; management's expectation that the suspension decree in our area will be lifted by May 18th and the timing for restart of operations at the ELG Mining Complex; management's expectation that if adjustments are required, there will be time to perform them before mid-month; the Company's business plans and strategy, including without limitation, the strategy to grow production from high quality conventional mining assets, or those with the potential to achieve high value through the deployment of Muckahi, if proven, and other events or conditions that may occur in the future; the results set out in the Technical Report including the PEA including with respect to mineral resource and mineral reserve estimates, the ability to exploit estimated mineral reserves, the Company's expectation that the ELG Mine Complex will be profitable with positive economics from mining, expected recoveries, grades, annual production, receipt of all necessary approvals and permits, the parameters and assumptions underlying the mineral resource and mineral reserve estimates and the financial analysis, and expected gold prices; the expectation that the Company will be able to generate sufficient cash flow to satisfy the financial covenants under the Debt Facility and service its indebtedness on a timely basis, particularly in light of the COVID-19 pandemic; near term growth opportunities in both the Sub-Sill and El Limón Deep zone and mid-term growth potential of Media Luna; plans to seek opportunities to acquire assets in the Americas that enable profitable and effective geographic diversification; the ramp-up of site activities in step with the COVID-19 prevention efforts and the timing of restarting of mining; a feasibility study for the Media Luna Project with a budget of $11.0 million being completed in the first half 2021; expected metal recoveries; expected gold production, total cash costs per ounce of gold sold, AISC per ounce of gold sold and revenues from operations, and capital costs; goals of the Muckahi test program to successfully demonstrate the ability to load a conveyor on a 30-degree ramp and convey up that ramp, demonstrate the functionality of the tramming conveyor, demonstrate the ability to achieve the required fragmentation across multiple long hole open stopes, and demonstrate ability to remove muck completely with a slusher across multiple long hole open stopes; expectation the second stope to test Muckahi will further validate the fragmentation results of the blasting and the mucking rates of the slusher; expected timing of installing the 30-degree conveyor and the delivery of the tramming conveyor; the ability to mine and process estimated mineral reserves; expected recovery and timing of receipt of value-added tax; further advances of funds if required, pursuant to the Debt Facility (which is subject to certain customary conditions precedent); continued unimpeded operations; expectation that the Debt Facility will provide greater flexibility and permit the development of Media Luna, the Muckahi mining system and other existing and future projects of the Company; plans to continue testing the Muckahi mining system, including without limitation, the testing of the tramming conveyor, fragmentation and mucking with a slusher; expected continued mining of the ELD using Muckahi; expectation of achieving goal of demonstrating the effectiveness of the Muckahi mining system; plan to advance the Media Luna Project from early stage development to production; plans to complete the infill drilling programs on Media Luna and related budgets; expectation that the infill drill program in 2020 at Media Luna will upgrade a greater proportion of mineral resources to indicated confidence category and in time to incorporate into the feasibility study; expectation that additional infill drill programs will be completed at Media Luna and that the programs will be successful in upgrading inferred tonnes to indicated confidence category; plans to complete key trade off studies; plans to complete early field survey and technical study work in support of the permitting and approval process for Media Luna; plans to start the tunnel from the ELG to Media Luna in Q3 2020 and expectation that this early start to the tunnel will de-risk this component of the development schedule; expectation that the Company will be able to secure required permits in order to commence commercial production; plan and timeline to complete a feasibility study and subject to the outcome of the feasibility study, among other things, projected timeline for commencement of production; plans to fund expenditures to construct Media Luna from cash flows from the ELG Open Pits and ELG Underground; the estimate of Media Luna's precommercial expenditures, net of precommercial revenues; plans to diversify the Company's single asset risk; the focus of exploration programs on advancing known mineralization and mineral resources to production, and remediation plans and estimated associated costs; status of the patent application for Muckahi as patent pending; and plans to advance known mineralization and resources to production, including, infill drilling programs on Sub-Sill and El Limon Deep to with a purpose of upgrading resource confidence class. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans," "expects," or "does not expect," "is expected," "budget," "scheduled," "goal," "estimates," "forecasts," "intends," "anticipates," or "does not anticipate," "believes" or "potential" or variations of such words and phrases or statements that certain actions, events or results "may," "could," "would," "might," or "will be taken," "occur," or "be achieved." Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including risks associated with the COVID-19 pandemic; risks associated with the adequacy of the Company's liquidity position; predictability of the grade; ability to achieve design gold recovery levels; fluctuation in gold and other metal prices; commodity price risk; currency exchange rate fluctuations; capital and operational cost estimates; satisfying financial covenants under the Debt Facility; illegal blockades; dependence on good relationships with employees and contractors and labour unions; dependence on key executives and employees; limited operating history; generating positive cash flow; the ability of the Company to secure additional financing if required; the safety and security of the Company properties; servicing of the indebtedness of the Company; the ability to secure necessary permits and licenses, title to the land on which the Company operates, including surface and access rights; foreign operations and political and country risk; the uncertainty of diversifying the Company's single asset risk; government policies and practices in respect of the administration of recovery of VAT funds and recovery of VAT funds; exploration, development, exploitation and the mining industry generally; environmental risks and hazards; decommissioning and reclamation costs; parameters and assumptions underlying mineral resource and mineral reserve estimates and financial analyses being incorrect; actual results of current exploration, development and exploitation activities not being consistent with expectation;, risks associated with skarn deposits; potential litigation; hiring the required personnel and maintaining personnel relations; future commodity prices; infrastructure; single property focus; use and reliance of experts outside Canada; competition; hedging contracts; interest rate risk; price and volatility of public stock; conflicts of interest of certain personnel; credit and liquidity risk; compliance with anti-corruption laws; enforcement of legal rights; accounting policies and internal controls as well as those risk factors included herein and elsewhere in the Company's public disclosure.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this MD&A and in the Company's annual information form ("AIF") and Technical Report, assumptions have been made regarding, among other things: the Company's ability to carry on its exploration, development and exploitation activities planned for the Morelos Gold Property; the Company's ability to complete the feasibility study for the Media Luna Project on the timing and budget set out herein; material assumptions with respect to the COVID-19 pandemic, including, but not limited to: the Company being able to resume mining and exploration operations at the ELG Mine Complex and the Media Luna Project at the end of May 2020; there being no cases of COVID-19 in the Company's workforce no members of the workforce are required to self-isolate; the responses of the relevant governments to the COVID-19 pandemic being sufficient to contain the impact of the COVID-19 pandemic; and there being no material disruption to the Company's supply chains and workforce that would interfere with the Company's mining and exploration operations at the ELG Mine Complex and the Media Luna Project following resumption of mining and exploration operations; and the long-term economic effects of the COVID-19 pandemic not having a material adverse impact on the Company's operations or liquidity position; there being no ability to achieve design gold recovery levels; timely access to the high grade material; the benefit expected from the operation of the SART plant; ability to successfully manage the soluble iron in the mill feed; the price of gold; sufficient cash flow to satisfy its financial covenants under the Debt Facility and service its indebtedness, particularly in light of the COVID-19 pandemic; the ability of the Company to satisfy other covenants under the Debt Facility; the ability of the Company to access the ELG Mine Complex and the Media Luna Project without disruption; the ability of the Company to obtain qualified personnel, equipment, goods, consumables and services in a timely and cost-efficient manner; the timing and receipt of any required approvals and permits; the equivalency of the Muckahi mining systems under applicable regulations; the ability of the Company to operate in a safe, efficient and effective manner; the ability of the Company to fund the development and testing of Muckahi; the ability of the Company to obtain additional financing on acceptable terms if required; the ability to conclude the land access agreements for the additional target areas on the Morelos Gold Property, if needed; the accuracy of the Company's mineral resource and mineral reserve estimates, annual production, the financial analysis contained in the Technical Report including the PEA, and geological, operational and price assumptions on which these are based, and the regulatory framework regarding environmental matters. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purposes of assisting investors in understanding the Company's expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

May 5, 2020